

Introduced by Senator Alarcon

February 20, 2003

An act to amend Sections 4003 and 4004 of the Unemployment Insurance Code, relating to unemployment insurance, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 576, as introduced, Alarcon. Unemployment insurance: extended benefits.

Existing law provides for extended unemployment compensation benefits for certain individuals during prolonged periods of cyclical and technological unemployment in the state, but specifies that no payment of benefits may be made to any individual for any week or part of any week with respect to which the individual is entitled to receive unemployment compensation benefits as a result of participation by this state pursuant to the provisions of any federal law providing for the payment of these benefits, as specified.

This bill would revise certain provisions with respect to the calculation of rates of insured unemployment during prolonged periods of cyclical and technological unemployment.

Existing law requires the Employment Development Department to establish, for each eligible individual who files an application for extended unemployment compensation benefits, an extended compensation account with respect to the individual's benefit year, as provided, that shall not be less than a specified amount.

This bill would revise certain provisions with respect to the amount required to be established in an individual's extended compensation account.

Because this bill would increase the amount of unemployment compensation paid, it would increase the amount payable from the Unemployment Fund, a continuously appropriated special fund, and thereby would make an appropriation.

This bill would also require the Employment Development Department to conduct a study of the state's Unemployment Trust Fund, as prescribed, and to submit the results of the study to the Legislature on or before December 31, 2004.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 4003 of the Unemployment Insurance
2 Code is amended to read:

3 4003. (a) The provisions and definitions of terms in the
4 "Federal-State Extended Unemployment Compensation Act of
5 1970," as amended by the federal Omnibus Budget Reconciliation
6 Act of 1981 (Public Law 97-35), apply to this part. "Federal-state
7 extended benefits" means benefits payable under this part.

8 (b) There is an "on" indicator for purposes of federal-state
9 extended benefits for a week in which the rate of insured
10 unemployment for that week and the immediately preceding 12
11 weeks equals or exceeds either of the following:

12 (1) One hundred twenty percent of the average of the rates for
13 the corresponding 13-week period ending in each of the preceding
14 two calendar years, and equals or exceeds 5 percent.

15 (2) Six percent.

16 (3) *The average rate of the total seasonally adjusted*
17 *unemployment in the state as determined by the United States*
18 *Secretary of Labor, for the period consisting of the most recent*
19 *three months for which data for all states is published before the*
20 *close of that week, equals or exceeds 6.5 percent, and equals or*
21 *exceeds 110 percent of the average for either or both of the*
22 *corresponding three-month periods ending in the two preceding*
23 *calendar years.*

24 (c) There is an "off" indicator for a week ~~in which the rate of~~
25 ~~insured unemployment for only if, for the period consisting of that~~

1 week and the immediately preceding 12 weeks ~~is less than 6~~
2 ~~percent and also less than either of the following:~~

3 ~~(1) One hundred twenty percent of the average of the rates for~~
4 ~~the corresponding 13-week period ending in each of the preceding~~
5 ~~two calendar years.~~

6 ~~(2) Five percent, none of the conditions specified in~~
7 ~~subdivision (b) result in an "on" indicator.~~

8 (d) For purposes of this section, the rate of insured
9 unemployment for a 13-week period shall be determined by
10 reference to the average monthly covered employment for the first
11 four of the most recent six calendar quarters ending before the
12 close of the period. This section shall be effective with respect to
13 compensation for weeks of unemployment after September 25,
14 1982. The provisions of this section in effect prior to that date shall
15 continue to apply to weeks after March 30, 1977, but prior to
16 September 25, 1982.

17 (e) The indicators specified in subdivisions (b) and (c) shall be
18 operative only if mandated or permitted by federal law. Any
19 amendments to the Federal-State Extended Unemployment
20 Compensation Act of 1970, enacted before January 1, 1983, ~~which~~
21 ~~that~~ mandate or permit any reduction in the insured
22 unemployment rate indicator described in this section shall be
23 operative on the effective date of the amendment.

24 (f) Notwithstanding any other provision of this part, the
25 Governor may, if permitted by federal law, suspend the payment
26 of extended duration benefits under this part, to the extent
27 necessary to ensure that otherwise eligible individuals are not
28 denied, in whole or in part, the receipt of emergency
29 unemployment compensation benefits authorized by the federal
30 Emergency Unemployment Compensation Act of 1991 (P.L.
31 102-164) or any extension of that act including, but not limited to,
32 Public Law 102-244 *or any other federally funded extended*
33 *unemployment benefits act*, and that the state receives maximum
34 reimbursement from the federal government for the payment of
35 those emergency *or extended* benefits.

36 SEC. 2. Section 4004 of the Unemployment Insurance Code
37 is amended to read:

38 4004. (a) The department shall establish, for each eligible
39 individual who files an application therefor, an extended
40 compensation account with respect to ~~such~~ *that* individual's

benefit year. The amount established in ~~such~~ *that* account, subject to subdivision (b) of this section, shall be not less than whichever of the following is the least:

(1) Fifty percent of the total amount of regular compensation payable to ~~him~~ *that individual* during ~~such~~ *the* benefit year under this division.

(2) Thirteen times ~~his~~ *that individual's* average weekly benefit amount.

(3) Thirty-nine times ~~his~~ *that individual's* average weekly benefit amount, reduced by the regular compensation paid to ~~him~~ *that individual* during ~~such~~ *the* benefit year under this division.

(b) *In any week beginning in a high unemployment period, the amount established in an extended compensation account, pursuant to subdivision (a), shall not be less than the lesser of the following:*

(1) Eighty percent of the total amount of the regular compensation payable to the individual during the benefit year under this subdivision.

(2) Twenty times the individual's weekly benefit amount.

(3) Forty-six times the individual's weekly benefit amount, reduced by the regular compensation paid to the individual during the benefit year under this division.

For purposes of this subdivision, a "high unemployment period" means any period during which an extended benefit period would be in effect if the average rate of total unemployment, as determined by the United States Secretary of Labor, for the period consisting of the most recent three months for which data for all states is published before the close of that week, equals or exceeds 8 percent, and the rate equals or exceeds 110 percent of the average for either or both of the corresponding three-month periods ending in the two preceding calendar years.

(c) The amount determined under subdivision (a) of this section shall be reduced by the aggregate amount of additional compensation paid to the individual under Part 3 (commencing with Section 3501) of this division for prior weeks of unemployment in ~~such~~ *a* benefit year ~~which~~ *that* did not begin in an extended benefit period.

~~(e)~~

(d) For purposes of subdivision (a) of this section, an individual's weekly benefit amount for a week is the amount of

1 regular compensation under Part 1 (commencing with Section
2 100) of this division payable to ~~such~~ *that* individual for ~~such~~ *that*
3 week of total unemployment.

4 SEC. 3. (a) The Employment Development Department
5 shall conduct a study of the state's Unemployment Trust Fund to:

6 (1) Evaluate the merits of both pay-as-you-go and
7 counter-cyclical funding methods.

8 (2) Make recommendations on changes to the California
9 unemployment insurance tax structure in order to maintain the
10 solvency of the Unemployment Trust Fund.

11 (b) The results of the study described in subdivision (a) shall be
12 transmitted to the Legislature on or before December 31, 2004.

13 SEC. 4. This act is an urgency statute necessary for the
14 immediate preservation of the public peace, health, or safety
15 within the meaning of Article IV of the Constitution and shall go
16 into immediate effect. The facts constituting the necessity are:

17 In order to timely provide for additional benefits to unemployed
18 persons during the current prolonged period of cyclical and
19 technological unemployment, it is necessary that this act take
20 effect immediately.

